



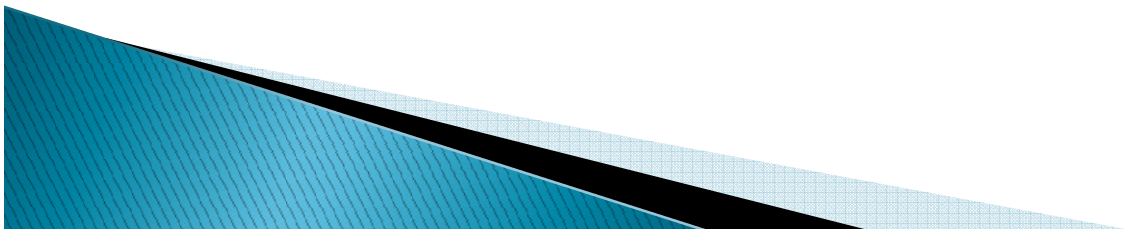
# National Consultations on CARICOM Framework Public Procurement Policy

Montserrat 19–20 September 2011

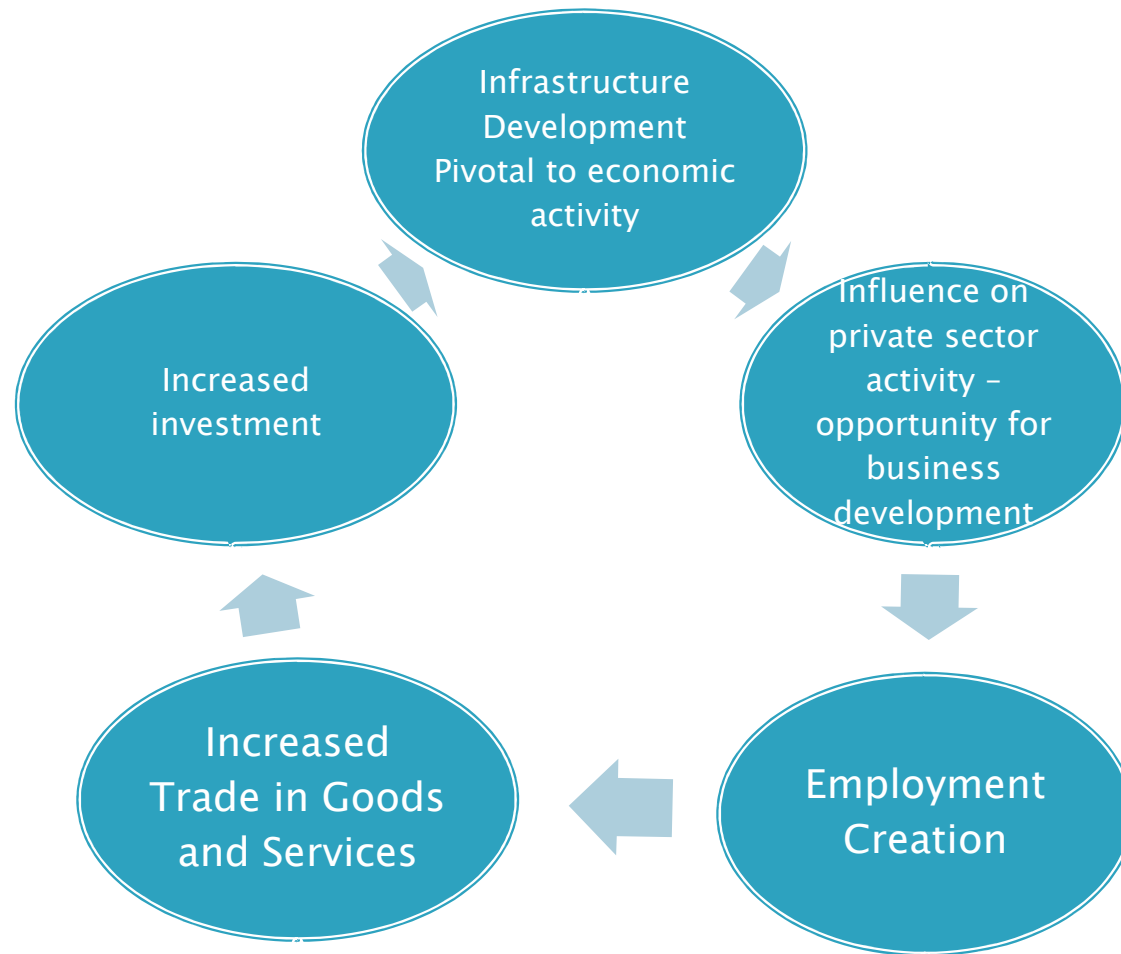
Presentation II  
Economics of Public Procurement in the CSME

# Political Economy of Public Procurement

- ▶ Major activity for Governments and occupies a central place in the exchange system of a market economy such as the CSME
- ▶ Generates major Financial Flows
- ▶ Make the State one of the largest economic actors within CARICOM Economies



# Effect of PP on Economic Development in CARICOM



# Political Economy of Public Procurement

technical  
advisors:  
Policy and  
admin  
procedures

legal  
persons:  
Legislation  
regulations

# Political Economy of Public Procurement

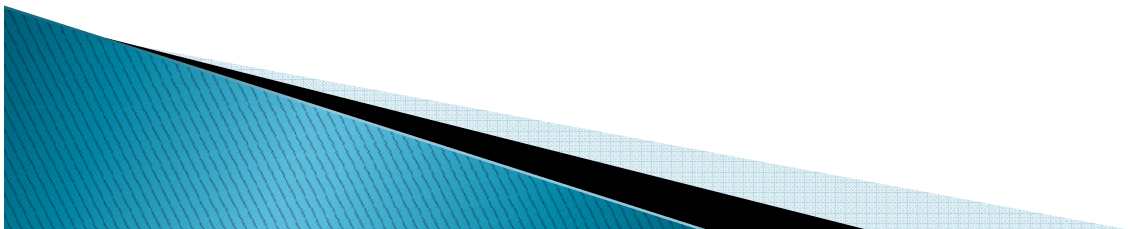
Political nature – promote or block

Incentive infrastructure – Economy of Public Procurement

CARICOM  
PROCUREMENT MARKET  
8–11 Billion USD  
16–22 Billion BZD  
22–30 Billion ECD

# Average Government Spending

- ▶ CARICOM in General 15% –20% of GDP
- ▶ Jamaica 30% of GDP annually
- ▶ OECS Occasional Annual Spike from 15–25% post Hurricane Season

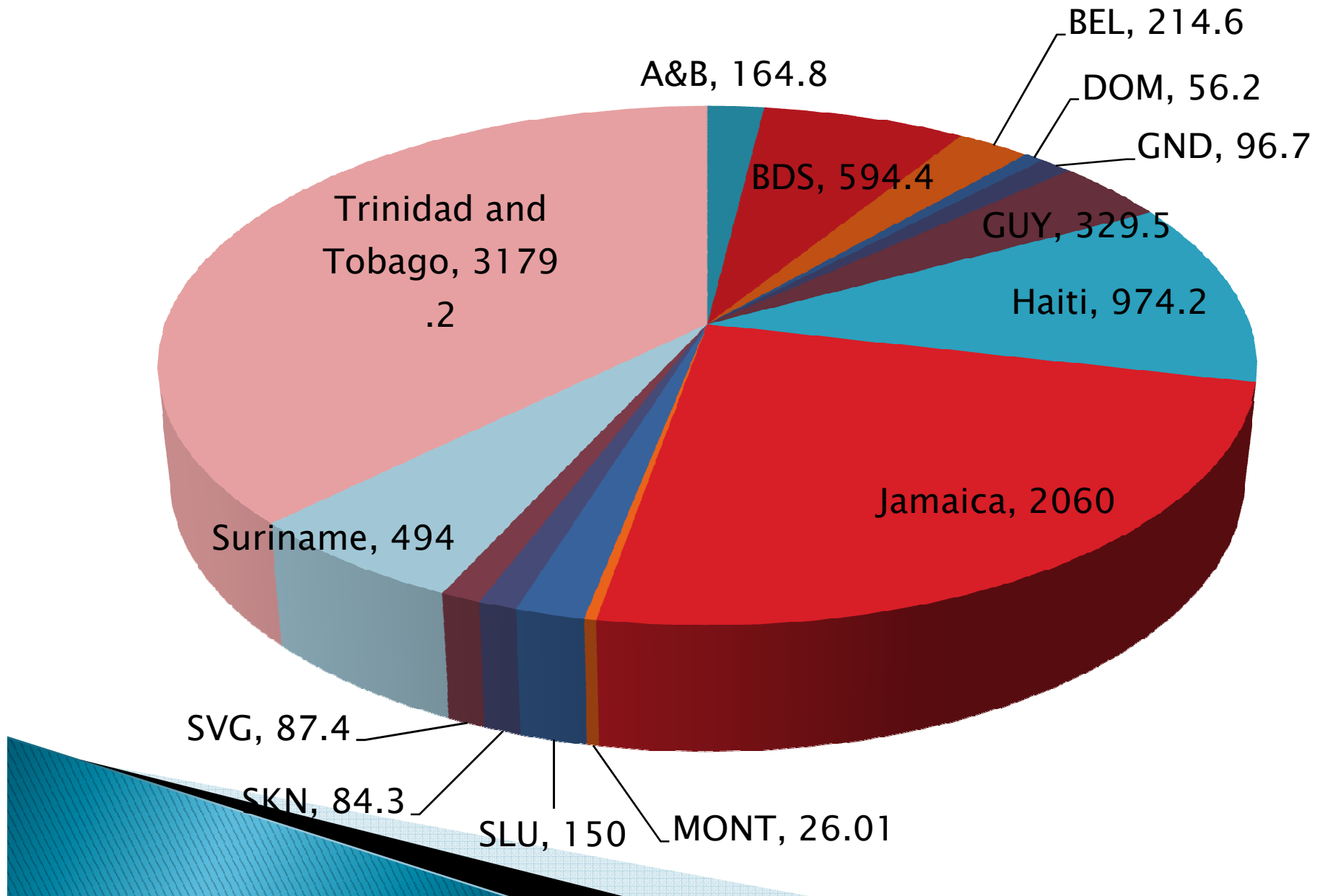


# VALUE OF PUBLIC PROCUREMENT WITHIN CARICOM MILLIONS

Country	GDP 2009	GDP 2010	% PP	\$ PP 2009	\$ PP 2010	%PP	\$PP 2009	\$PP 2010
Antigua and Barbuda	1132	1099	15	169.8	164.8	20	226.4	219.80
Barbados	3963	3963	15	594.4	594.4	20	792.6	792.6
Belize	1431	1431	15	214.6	214.6	20	286.2	286.2
Dominica	378	375	15	56.7	56.2	20	75.6	75
Grenada	627	645	15	94	96.7	20	125.4	129
Guyana	1159	2197	15	173.8	329.5	20	231.8	439.4
Haiti	6593	6495	15	988.9	974.2	20	1318.6	1299
Jamaica	12070	13737	15	1810	2060	20	2414	2747.4
Montserrat*			15	26.01		20	26	26
Saint Lucia	946	1000	15	141.9	150	20	189.20	200
St. Kitts and Nevis	545	562	15	81.75	84.3	20	109	112.4
St. Vincent and the Grenadines	583	583	15	87.4	87.4	20	116.6	116.3
Suriname	3297	3297	15	494	494	20	659.4	659.4
Trinidad and Tobago	21200	21195	15	3180	3179.2	20	4240	4239
<b>TOTAL USD</b>	<b>53924</b>	<b>56579</b>	<b>15%</b>	<b>8087.25</b>	<b>8485.3</b>	<b>20%</b>	<b>10810.8</b>	<b>11341.5</b>
<b>TOTAL XCD</b>	<b>146139.4</b>	<b>153334.7</b>	<b>15%</b>	<b>21917.3</b>	<b>22996.01</b>	<b>20%</b>	<b>29298.4</b>	<b>30736.6</b>

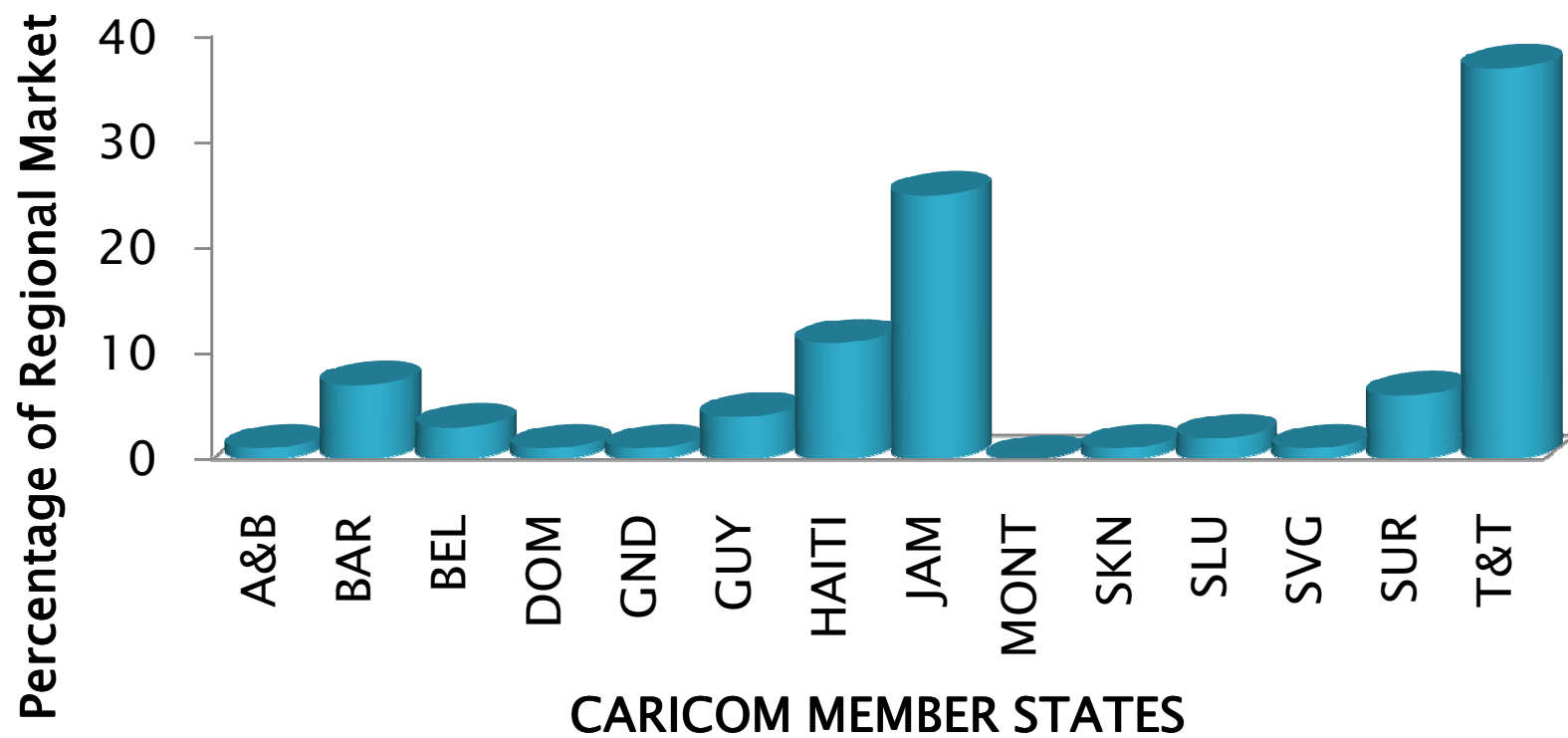


# Government Procurement Market CARICOM 2010 EC\$



# 22 Billion EC Procurement Market

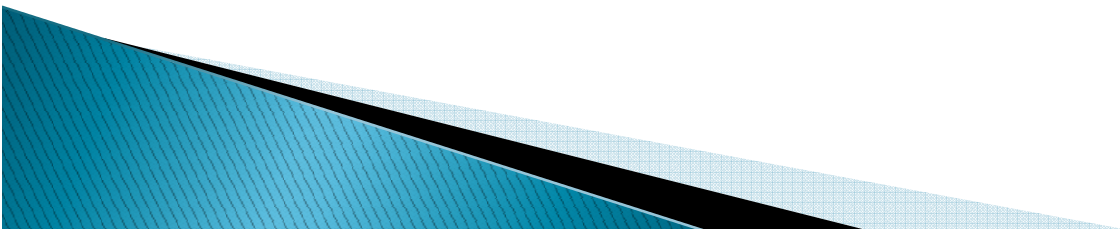
## Public Procurement



# ODA

- ▶ In 2009, Official Development Assistance (ODA) from OECD member countries – at the bilateral and multilateral levels (IFIs) – to the Caribbean Community stood at almost US\$2 billion

▶ Source OECD



# What Effective Public Procurement Can do

**Competition** – Competitive public procurement practices are essential for efficiency in public spending;

**Transparency** – Competitive and transparent procurement markets help public authorities acquire cheaper, better quality goods, at lower costs;

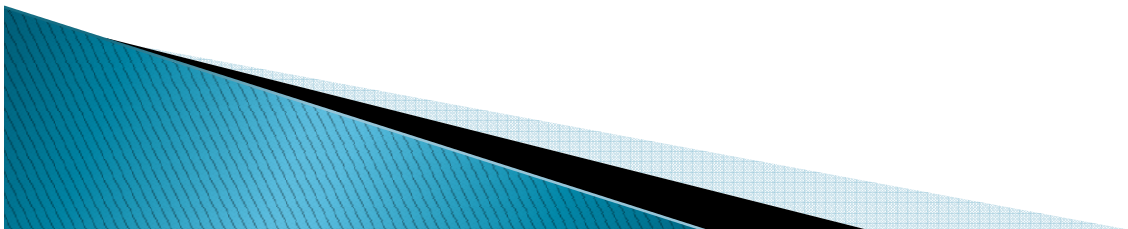
# What Effective Public Procurement Can do

**Non-Discrimination** – Open, non discriminatory and transparent procedures can help boost the competitiveness of firms operating in the public procurement market

**Governance and Accountability – Increased**

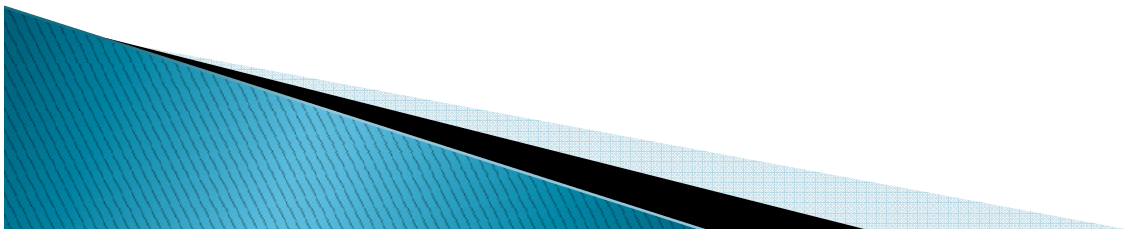
# What will happen if Policy is effectively implemented

- ▶ Increased Cross border competition
- ▶ Price Savings derived from implementation of efficient procedures, economies of scale, value for money, increased competition
- ▶ Triple transparency
- ▶ Increased efficiency
- ▶ Budget deficit reduction
- ▶ Resources Allocation 1. improved. 2. use
- ▶



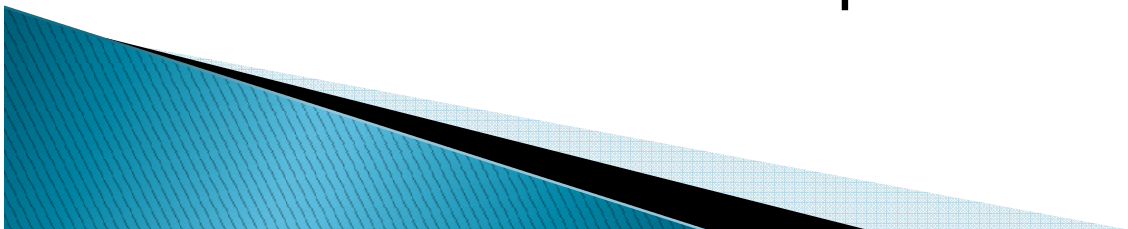
# What's at Stake

- ▶ MSMEs Remain Small and Micro – limited market in which to grow
- ▶ 22–30 Billion EC\$, PP Market will remain restricted to mostly national supplier
- ▶ Intra-regional trade will be restricted



# What's at Stake

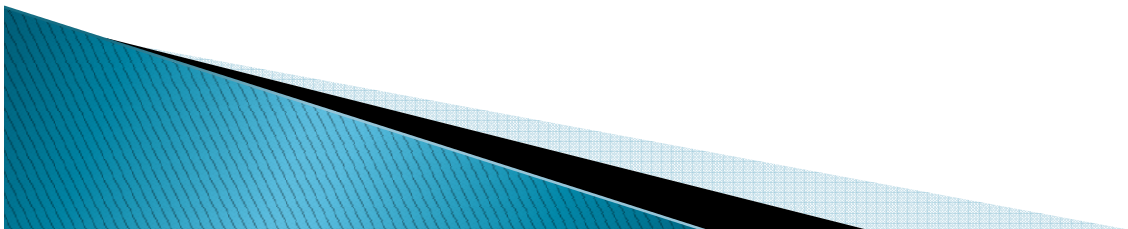
- ▶ Harmonisation will become increasingly complex as CC Member States put national legislation in place (9 Countries with developments in the pipeline)
- ▶ Building of the Regional electronic Public Procurement platform could be compromised if the national electronic systems are put in place which do not “speak” to each other.
- ▶ Multi-million dollar exercise to develop and maintain electronic platforms





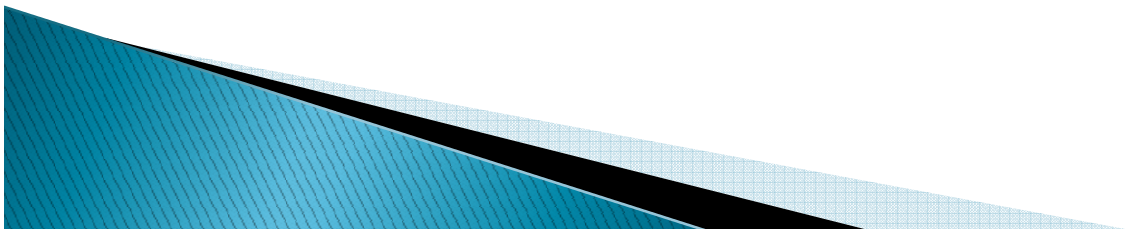
# Objective of the FRIP

- ▶ objective of the FRIP is to identify and set out the conditions necessary for full integration of the national procurement markets ;



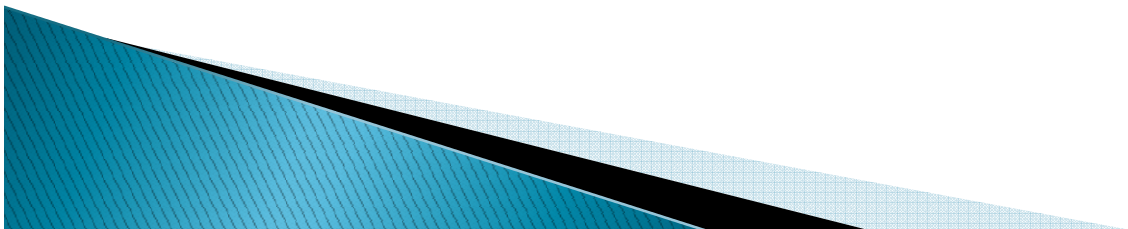
# Benefits – Qualitative

- ▶ Better Quality
- ▶ Time Saving



# Benefits – Quantitative

- ▶ 15–20% due to Efficiency
- ▶ 30% –40% due to Competition



## ▶ For More information contact

- ▶ Sharlene Shillingford McKlmon
- ▶ Deputy Programme Manager, CSME
- ▶ CARICOM Secretariat – CSME UNIT BARBADOS
- ▶ Tel: 1 (246) 429 6064
- ▶ [sharlenesm@csmeunit.org](mailto:sharlenesm@csmeunit.org)

[www.caricom.org](http://www.caricom.org)

